Waverley Trading Co-operative Limited

ABN: 99 425 783 908

REGISTERED OFFICE
21 RAILWAY PARADE, GLEN WAVERLEY. 3150
PHONE 9803 9999

NOTICE OF MEETING
The fortieth Annual General Meeting
will be held on
Monday 22nd October, 2001 at 8:00pm
at 21 Railway Parade, Glen Waverley.

2001 Annual Report and Financial Statements

AGENDA

1. To confirm the minutes of the thirty ninth Annual General meeting held on 18th September 2000.

2. To receive and adopt the reports of the Board of Directors and auditors for the year ending 30 June, 2001.

3. To receive and adopt the financial statements of the Co-operative for the year ended 30 June, 2001.

4. To elect two (2) directors to fill vacancies on the board of directors and determine the remuneration of directors.

5. To consider any other business of which due notice has been given.

WAVERLEY TRADING CO-OPERATIVE LIMITED

Profit and Loss Account for the year ended 30th June 2001

	Note	2001 $	2000 $
SALES		737,299	854,515
Less cost of sales		564432	630,407
GROSS PROFIT FROM TRADING		172867	224,108
OTHER INCOME			
Discount received		26,959	26,077
Interest and dividends		9,789	13,192
Handling fee		1,184	NIL
		37,932	39,269
GROSS PROFIT		210799	263,377
LESS EXPENSES			
Advertising		4,604	3,012
Audit fee -	3	8,965	8,655
Bank Charges		9,815	8,852
Directors' fees-	4	6,500	7,200
Depreciation-	1(a)	3,782	1,879
Insurance		4,861	3,591
Inventory write down		21,433	NIL
Light & power		2,267	2,085
Loss on disposal of non-current asset		NIL	31
Postage		1080	1,070
Printing, stationery & office supplies		4871	903
Rent and other occupancy costs		45,753	45,462
Salaries		166465	128,891
Subscriptions		331	388
Superannuation		13,678	14,911
Sundry expenses		10,934	9256
Telephone		3,463	2,939
		308,802	239,125
OPERATING (LOSS)/PROFIT		(98,003)	24,252
Income tax expense -	2(a)	6,623	(1,073)
(LOSS)/PROFIT AFTER INCOME TAX		(104,262)	25,325
Retained profits as at 1st July 2000		61,644	36,319
(Deficit)/Total available for appropriation		(42,982)	61,644
Transfer from (to) statutory reserve		NIL	NIL
(Accumulated Losses) Retained Profits as at 30th June 2001.		(42,982)	61,644

WAVERLEY TRADING CO-OPERATIVE LIMITED

Balance Sheet as at 30th June 2001.

MEMBERS FUND	Note	2001	2000
Share Capital		$	$
398,376 Shares at $2.00 each		796,752	779,750
(Accumulated Losses) Retained profits		(42,982)	61,644
TOTAL MEMBERS FUND		753,770	841,394
Represented by-			
CURRENT ASSETS			
Inventories-	1(b)	536,540	425,460
Future income tax benefit -	2(b)	NIL	6,623
Trade and Sundry debtors		696	103
Deposit with Waverley Credit Union Co-operative Ltd.		211,915	382,024
Other debtors and prepayments		3,994	4,673
Cash on hand		474	374
Cash at bank		31,747	72,029
TOTAL CURRENT ASSETS		785,366	891,286
LESS CURRENT LIABILITIES			
Trade creditors		4,733	9,327
Sundry creditors		16,584	13,220
Provision for tax -	2(a)	(3,458)	5,550
Members' dividend account		13,985	14,069
Provision holiday pay and long service leave -	1(c)	18,880	22,474
TOTAL CURRENT LIABILITIES		50,724	64,640
NET CURRENT ASSETS		734,642	826,646
INVESTMENTS, at cost			
Shares.			
Y.C.W. Co-operative Limited		NIL	NIL
Waverley Credit Union Co-operative Limited		10	10
Co-operative Energy Ltd.		10	10
License Fee			
Frontline Stores Australia Ltd.		2,500	2,500
TOTAL INVESTMENTS		2,520	2,520
PROPERTY PLANT & EQUIPMENT			
Fixtures and fittings at cost		80,052	71,890
less provision for depreciation		63,444	59,662
TOTAL PROPERTY PLANT & EQUIPMENT		16,608	12,228
NET ASSETS		753,770	841,394

WAVERLEY TRADING CO-OPERATIVE LIMITED

Notes to and forming part of the Accounts for the year ended 30th June 2001.

1. SIGNIFICANT ACCOUNTING POLICIES

General Principles

In the opinion of the directors the Co-operative is not a reporting entity as there is unlikely to exist users who are unable to command the preparation of reports tailored so as to satisfy specifically all of their information needs and the accounts are therefore "Special Purpose Financial Statements" that have been prepared solely to meet the requirements of the Co-operatives Act 1996.

The accounts are not drawn up in accordance with the applicable Accounting Standards and other mandatory professional reporting requirements (Urgent Issues Group Consensus Views), as there is no legislative requirement to do so.

The accounts have been prepared in accordance with the Co-operatives Act 1996 using the historical cost convention and except where stated, do not take into account changing money values or current valuations on non-current assets. The accounting policies adopted are consistent with those of the previous year, except that this year inventory write downs have been charged to a specific profit and loss account, where in previous years it was charged against the Cost of Sales.

(a) Depreciation:
Depreciation is calculated on a prime cost basis so as to write off the net cost of each fixed asset over its expected useful life.

(b) Inventories:
Inventories are stated at the lower of cost and net realisable value.

(c) Provision for holiday pay and long service leave:

(i) Provision for holiday pay is calculated on the basis of legal liability.
(ii) Long service leave is provided for after a period of seven years.

(d) Income tax
The Co-operative adopts the liability method of tax-effect accounting whereby the income tax expense shown in the profit and loss account is based on the operating profit/(loss) before income tax adjusted for any permanent differences.

Timing differences which arise due to the different accounting periods in which items of revenue and expense are included in the determination of the operating profit/(loss) before income tax and taxable income, are brought to account as either a provision for deferred income tax or as a Future Income Tax Benefit at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable.

Future Income Tax Benefits are not brought to account unless realisation of the asset is assured beyond any reasonable doubt. Future Income Tax Benefits in relation to tax losses are not brought to account unless there is virtual certainty of realisation of the benefit.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income tax legislation and the anticipation that the Co-operative will derive sufficient future assessable income and comply with the conditions of deductibility imposed by the law.

2. INCOME TAX

(a) The prima facie tax payable on the operating (loss)/profit differs from the income tax provided in the accounts and is reconciled as follows:

	2001	2000
Operating (Loss)/Profit and extraordinary items before income tax	$ (98,003)	$ 24,252
Prima facie tax payable at 34%	(33,321)	8,731
Tax effect on increase/ (decrease) in tax losses	36,496	(11,139)
Loss on disposal of non-current asset – deemed permanent difference	NIL	11
Tax effect of change in future tax rates	3448	1,324
Income Tax Expense	6,623	(1,073)
Tax effect of timing differences:		
Accrued audit fee	(816)	2,400
Interest income accrued	(274)	(340)
Long service leave and holiday pay	(1,222)	6,743
Tax effect on increase/ (decrease) in tax losses	(4,833)	NIL
Cash register fully depreciated	522	(2,180)
	(6,623)	6,623
	NIL	5550
Less Instalments paid	3,458	NIL
Provision for income tax	(3,458)	5,550
(b) The Future Income Tax Benefit has been calculated as follows:		
Provision for long service leave and holiday pay	NIL	22,474
Audit fee not yet billed	NIL	8,000
	NIL	30,474
Less interest accrued	NIL	(1,135)
Less written down value of equipment fully depreciated	NIL	(7,265)
	NIL	(8,400)
	NIL	22,074
Future Income Tax Benefit at 30%	NIL	6,623

(c) A possible future income tax benefit exists in relation to timing differences and income tax losses. This future income tax benefit has not been recognised as an asset in the special purpose financial statements and will only be realised if:-

(i) the Co-operative derives future assessable income of a nature and of an amount sufficient to enable the benefit from deductions to be realised;

(ii) the Co-operative continues to comply with the conditions for deductibility imposed by the law; and

(iii) no changes in tax legislation adversely affect the Co-operative in realising the benefit from the deductions.

3. AUDITORS' REMUNERATION

Services provided by the auditors were as follows.

	2001	2000
	$	$
Audit	8,965	8,655
Other services	NIL	180

4. DIRECTORS' FEES

The Directors of the society are not engaged in full time employment with the society and have received no remuneration other than that disclosed in the accounts and in the directors' report.

5. SECURED LIABILITIES

An overdraft facility with Waverley Credit Union Co-operative Limited is secured by a floating charge over the assets of Waverley Trading Co-operative Limited.

6. CONTINGENT LIABILITIES

	NIL	NIL

7. COMMITMENTS FOR EXPENDITURE

Capital expenditure contracted for within one year	NIL	NIL

Lease expenditure contracted for:
Operating Lease
Shop facilities were leased on 1 st July 2000 for three years.

Due within one year	44,000	43,000
Due within one to two years	45,000	44,000
Due within two to five years	NIL	45,000
	89,000	132,000

8. DIRECTORS' BENEFITS

Total remuneration of directors	6,500	7,200
Directors fees	6,500	7,200
Retirement benefits of directors	NIL	420
Secretarial services	NIL	NIL
Loan to directors		
(1) Amount due at reporting date	NIL	NIL
(2) Amounts of:		
(i) loans made during the year	NIL	NIL
(ii) loans repaid during the year	NIL	NIL
Transactions with director related entities:		
(1) Computer services	2322	950
(2) Electrical work	204	40

WAVERLEY TRADING CO-OPERATIVE LIMITED

DIRECTORS' REPORT

The Directors present for your approval the Annual Report and Financial Statements for the year ended 30th June 2001.

DIRECTORS:

The directors in office at the date of this report are Graham Gunn (Chairman), Martin Coull, John Van de Graff, Inez Baker and Patrick Davis.

No Director other than Martin Coull and Graham Gunn received or became entitled to receive any benefit since the end of the previous financial year by reason of a contract made by the society with any director or with a firm of which a director is a member, or with a company in which a director has a substantial financial interest. Martin Coull is a director of Martin Coull Computer Services who are our computer consultants. Graham Gunn is an electrical contractor who was provided services as required.

PRINCIPAL ACTIVITY:

The principal continuing activity of the society is retailing of school uniforms. No significant change in the nature of this activity has occurred during the year.

OPERATING RESULTS AFTER TAX:

The operating results of the society for the financial year amounted to a loss after tax of $104,626 (2000 profit $25,325).

RESERVES AND PROVISIONS:

The amount and particulars of any material transfers to or from reserves or provisions are as follows:

	2001	2000
Transfer to/(from)	$	$
Provision for holiday pay	4,795	(2,772)
Provision for long service leave	(8,389)	1,787
Provision for depreciation	3,782	1,879
Provision for tax	(5,550)	5,550

DIVIDENDS:

The directors have not approved the payment of a dividend.

SHARE ISSUE

The society has issued 13,455 shares during the financial year. Membership at 30th June, 2001 was 21,433 who hold the 398,376 issued shares. 4,821 shares were withdrawn.

There were no shares or debentures issued during the year pursuant to a prospectus.

WAVERLEY TRADING CO-OPERATIVE LIMITED
DIRECTORS' REPORT (CONT'D)

DEBTS RECEIVABLE AND OTHER CURRENT ASSETS:

Prior to the preparation of the society's financial statements for the year, the directors took reasonable steps to ascertain whether any action needed to have been taken in relation to the writing off of bad debts, and the creation of a provision for doubtful debts and to cause all known bad debts to be written off and adequate provision to be made for doubtful debts and whether any other current assets were unlikely to realise in the ordinary course of business their value as shown in the accounting records of the society.

At the date of this report the directors are not aware of any circumstances which would, require any amount to be written off for bad debts or, make any provision for doubtful debts, to any substantial extent, nor are they aware of any circumstances which would render the values attributed to the current assets in the financial statements misleading.

CONTINGENT LIABILITIES:

At the date of this report there is:

(a) no charge on the assets of the society which has arisen since the end of the financial year which secures the liabilities of any other person, and

(b) no contingent liability which has arisen since the end of the financial year.

No contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the society to meet its obligations when they fall due.

ITEMS OF UNUSUAL NATURE:

The results of the society's operations during the year were in the opinion of the directors, adversely effected by the introduction of the GST and computerisation of accounting and inventory recording systems.

EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR:

No item, transaction or event of a material nature has arisen in the interval between the end of the financial year and the date of this report which in the opinion of the directors, will affect substantially the results of the society's operations for the next succeeding financial year.

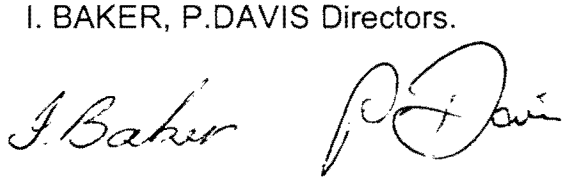
OTHER CIRCUMSTANCES:

At the date of this report the directors are not aware of any circumstances which would render any amount in the financial statements misleading.

SHARE OPTIONS:

The society has not during the course of the year or since the end thereof granted to a person an option to have issued to him/her shares in the society.

Dated at Glen Waverley the 27th day of September, 2001 on behalf of the Board.
I. BAKER, P.DAVIS Directors.



CHAIRMAN'S REPORT

A major impact on our operation during the past year has been the installation of a computer based accounting system incorporating full stock control. It has required bar coding of all stock, both purchases as well as stock on hand. Additional permanent and temporary staffing has been necessary to get the system up and running.

Our membership records have been integrated with the accounting system and as a result members will be served quickly and efficiently.

Members are reminded that under our new rules those who have not made a purchase since 1 July, 2000 have not qualified as an active member and have until 30 June, 2003 to qualify otherwise we are forced to cancel their membership.

We believe that the introduction of the GST system on 1 July, 2000 effected retail sales and that we were no exception. It is only now that sales may be returning to previous levels.

We wish to thank all our staff for their work during this difficult year particularly our manager Mrs Sandie Tighe.

STATEMENT BY DIRECTORS

We Inez Baker and Patrick Davis being two of the directors of the Waverley Trading Co-operative Limited, state on behalf of and in accordance with a resolution of Directors,
(a) The Profit and Loss Account is drawn up so as to give a true and fair view of the society for the financial year ended 30th June 2001.
(b) The Balance Sheet is drawn up so as to give a true and fair view of the state affairs of the society as at 30th June 2001.

For and on behalf of the Board.

I.Baker, P.Davis. Directors

I. Baker P. Davis

AUDITORS' REPORT TO THE MEMBERS OF WAVERLEY TRADING CO-OPERATIVE LIMITED.

We have audited the financial statements of Waverley Trading Co-operative Limited for the financial year ended 30 June 2001. The Co-operative's directors are responsible for the preparation and presentation of the financial statements and the information contained therein. We have conducted an independent audit of the financial statements in order to express an opinion on their preparation and presentation.

The financial report has been prepared for the members. We disclaim any assumption of responsibility for any reliance on this report or on the financial statements to which it relates to any person other than the members.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurances as to whether the financial statements are free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with Australian Accounting Standards, the Co-operatives Act 1996 and other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) so as to present a view which is consistent with our understanding of the Co-operative's financial position and the results of it's operations.

As detailed in the Summary of Accounting Policies, the Co-operative is not a reporting entity because in the directors' opinion, there is unlikely to exist users who are unable to command the preparation of reports tailored so as to satisfy specifically all of their information needs; these Accounts are therefore "Special Purpose Financial Statements" that have been prepared solely to meet the Co-operatives Act 1996 requirements to prepare Accounts.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion the financial statements are properly drawn up: -

(a) so as to give a true and fair view of;
  (i) the state of affairs of the Co-operative as at 30 June, 2001 and the results of the Co-operative for the year ended on that date; and
  (ii) the other matters required by the Co-operatives Act 1996 to be dealt with in the accounts.

(b) the accounting records and other records, and the registers required by the Act to be kept by the Co-operative have been properly kept in accordance with the provisions of the Co-operatives Act 1996.

Dated at Mount Waverley the 27 day of September, 2001.

WEBER BOWMAN & CO., Chartered Accountants
PETER BOWMAN, Partner